

Securing 110th Congress **AMERICA'S FUTURE**



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SENATE REPUBLICAN CONFERENCE
Jon Kyl, Chairman
John Cornyn, Vice Chairman
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SENATE REPUBLICAN CONFERENCE

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110th Congress

March 29, 2007

Dear Republican Colleague:

Over these first three months of Democrat control in the Senate, Republicans have worked hard to advance the interests of the American people. As the 110th Congress has taken shape, however, we have become increasingly disappointed in the priorities that the Democrats have pursued.

Congressional Democrats came into office touting their “Six for ‘06” strategy, a legislative program that included bills related to the 9/11 Commission, the minimum wage, student loans, energy policy, stem cells funding and Medicare prescription drugs, and pension reform. ***None of these “Six for ‘06” initiatives have become law due to Democrats’ lack of bipartisanship and cooperation.***

The “Six for ‘06” agenda may have been a flashy campaign slogan, but it has become apparent that their real agenda is quite different. Democrats are pursuing a stealth plan, one more appropriately named their “Seven for ‘07,” that is reminiscent of 1960s and 1970s Democrat tax-and-spend priorities:

- o Pass the largest tax increase in history
- o Increase spending on wasteful Washington programs
- o Micromanage the Iraq war and hamstringing our troops in the field
- o Use the security spending bill to pay for pork barrel projects
- o Give union bosses sweetheart deals to pay for past political support
- o Impose new burdens on small businesses
- o Favor government-run health care and oppose market-based solutions

Our disappointment with the Democrats’ agenda will not dissuade us from pursuing our Republican priorities – promoting a national defense that gives Americans security from the terrorists; demanding fiscal responsibility and the elimination of wasteful Washington spending; preserving tax policies that help working families and encourage growth and opportunity; improving access to quality, affordable health care; developing an energy security plan that relies on both existing and alternative sources; and ensuring that immigration reform contains true border security and enforcement at the workplace.

This is no time to turn back the clock to the failed policies of the past. We should continue to find opportunities to cooperate whenever possible, but we cannot allow our Democrat colleagues’ true agenda to become law.

A handwritten signature in blue ink that reads "Jon Kyl".

Jon Kyl
Chairman

A handwritten signature in blue ink that reads "John Cornyn".

John Cornyn
Vice-Chairman



REPUBLICAN GOALS FOR THE 110TH CONGRESS

The challenges that lie ahead are not Republican challenges, and they're not Democrat challenges. They are AMERICAN challenges that require American solutions. We are committed to leading on principle. What we say today, we will stand up and fight for tomorrow. During the 110th Congress, we are committed to:

War on Terror

- Redoubling our efforts to maintain a safe and secure homeland, a strong national defense, and victory in the war against terrorists.

Fiscal Restraint

- Restoring the principles of smart spending and the elimination of wasteful Washington spending of hardworking taxpayers' money.

Tax Relief

- Reinforcing our efforts to prevent tax increases and continuing tax relief that has created millions of jobs and increased American prosperity.

Health Care

- Renewing our commitment to quality health care for all Americans by expanding health insurance opportunities, maintaining health care choice, and individual control.

Energy Security

- Reimagining how America can achieve energy security and independence by promoting production, conservation, and renewable and alternative energy innovation.

Judicial Nominations

- Renewing our commitment to a fair, open, and honest judicial nominations process with timely up-or-down votes on the Senate floor.

Immigration Reform and Border Security

- Reforming immigration policy that secures the border, restores the rule of law, and treats all persons with dignity and respect.
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DEMOCRATS'
7 IN '07

The Democrats' "Seven for '07" Agenda

After three months of Democrat control of Congress, their true agenda has become clear. It is not their "Six for '06" campaign platform – *none of which has become law* – but a stealth agenda, the "Seven for '07" plan, which includes the following:

1. Pass the largest tax increase in history

The Democrats' budget would raise taxes by more than \$736 billion, including taxes on families, small businesses, and investors.

2. Increase spending on wasteful Washington programs

Democrats have had ample opportunity to exercise spending discipline and have failed each time – first on the continuing resolution, then on their budget, and finally on the Iraq war/security supplemental.

3. Micromanage the Iraq war and hamstring our troops in the field

Democrats repeatedly have tried to interfere with the conduct of the war through more than 17 different proposals that would undermine the ability of our troops to do their jobs.

4. Use the security spending bill to pay for pork barrel projects

The supplemental spends \$20 billion in excess of the President's request, most of it extraneous to the war. Our troops should not be carrying the burden of Democrat spending.

5. Give union bosses sweetheart deals to pay for past political support

Democrats have begun a multi-part union payback program. First, they gave Transportation Security Agency employees collective-bargaining power despite experts' national security concerns). Second, they are trying to deprive workers of the right to cast private ballots in union organizing elections. We should expect more payback schemes in the future.

6. Impose new burdens on small businesses

Democrats favor a minimum wage package that fails to compensate small business owners for the added burdens the new wage will place on them; and they voted against Republican efforts to protect small businesses from unfunded mandates.

7. Favor government-run health care and oppose market-based solutions

During the budget debate, Democrats unanimously rejected Republican efforts to protect Medicare beneficiaries' coverage choices and to protect Medicare Advantage enrollees from benefit reductions or increased cost-sharing. Democrats also opposed a Republican proposal to use SCHIP dollars to offer supplemental dental and mental health benefits to children. Both votes highlight Democrats' support for a government-run health care system.

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**LARGEST
TAX INCREASE**

Democrat Budget Resolution: *Largest Tax Increase in History*

The Senate-passed Democrat budget features the largest tax increase in U.S. history. It will lead to a reversal of fiscal policies that have led to the record economic growth America is experiencing. The consequences of this budget will be felt by every family and business in our country.

Despite previous denials, “[e]ven Budget Chairman Kent Conrad (D-N.D.) appeared to tacitly agree with the Republican’s premise that his five-year budget plan presumes that taxes would go up.”¹

The following news reports confirm that the Democrats’ budget relies on increasing taxes in order to meet their pledge to balance the budget by 2012:

- The Democrats’ budget assumes “that the **president’s tax cuts from 2001 and 2003 will expire in 2011, resulting in more than \$900 billion in additional revenues** that Conrad used to help balance his budget by 2012.”²
- The Democrat budget “promises a federal surplus in five years — but **only by assuming President Bush’s tax cuts expire at the end of this decade.**”³
- “**Democrats are intent on repealing the Bush tax cuts.** This would raise the tax on capital gains to 20% from 15%, more than double the tax rate on dividends to 39.6% from 15%, and sharply increase marginal tax rates at all levels of income. And all of this saber-rattling about a future tax increase is coming just when the current expansion may need another tax cut to keep growth going.”⁴

**Although Democrats finally agreed to extend some of the president’s expiring tax cuts, the budget passed by the Senate still contains the largest tax increase in history, raising taxes an unprecedented \$736 billion.*

¹Roll Call, “Democrats Try to Outflank GOP on Tax Cuts,” March 22, 2007.

²Roll Call, “Budget Debate Rests on Fate of Bush’s Tax Cuts,” March 20, 2007.

³Associated Press, “Senate Panel OKs 2008 Budget,” March 19, 2007.

⁴Wall Street Journal, “Conrad’s Tax,” March 20, 2007.

Budget Resolution — *Democrats Oppose Tax Relief*

During the debate on the Democrats' budget resolution, Republicans offered many amendments to protect Americans against tax increases. **No Democrat voted for the following taxpayer-friendly amendments:**

To Protect Against Future Tax Increases

- Graham Amendment #478 — To extend the marginal tax rates (35, 33, 28, and 25 percent tax rate structure) and protect nearly 28,000,000 families and individuals, including small business owners, from having their tax rates increase to 39.6, 36, 31, or 28 percent.
- Sessions Amendment #466 — To exclude the extension of tax relief provided in 2001 and 2003 from points of order provided in the resolution and other budget points of order.
- Kyl Amendment #507 — To protect families, family farms, and small businesses by raising the death tax exemption to \$5 million and reducing the maximum death tax rate to no more than 35 percent; to extend college tuition deduction; to extend the student loan interest deduction; to extend the teacher classroom deduction; to protect senior citizens from higher taxes on their retirement incomes; to maintain U.S. financial market competitiveness; and to promote economic growth by extending the lower tax rates on dividends and capital gains.

To Reform the Death Tax

- Kyl/Thune Amendment #583 — To reform the death tax by reducing the maximum death tax rate to no more than 35 percent and by setting the exemption at \$5 million per estate, indexed for inflation, beginning in 2010; to avoid subjecting 119,200 families, family businesses, and family farms to the death tax each and every year; to promote continued economic growth and job creation; and to make the enhanced teacher deduction permanent.
- DeMint/Kyl Amendment #578 — To repeal the death tax.

To Reform the Alternative Minimum Tax

- Grassley Amendment #471 — To amend the budget resolution for fiscal year 2008 in order to accommodate the full repeal of the Alternative Minimum Tax (AMT), preventing 23 million families and individuals from being subject to the AMT in 2007, and millions of families and individuals in subsequent years.
- Sessions Amendment #473 — To save families from the Alternative Minimum Tax (AMT) by permitting a deduction for personal exemptions for the purpose of computing AMT.



U.S. Department of Treasury



MILLIONS OF AMERICAN FAMILIES ARE BENEFITING FROM TAX RELIEF

As a result of the President's Economic Growth and Tax Relief Reconciliation Act of 2001, the Jobs and Growth Tax Relief Reconciliation Act of 2003, the Working Families Tax Relief Act of 2004, and the Tax Increase Prevention and Reconciliation Act of 2005 every taxpayer who paid income taxes will get tax relief this year.

- 113 million taxpayers will see their taxes decline by an average of \$2,216.
- A family of four earning \$40,000 will receive tax relief of \$2,052.
- Over 5 million individuals and families will see their income tax liabilities completely eliminated.
- 45 million families with children will receive an average tax cut of \$2,864.
- 15 million elderly individuals will receive an average of \$2,934.
- 27 million small business owners will save an average of \$4,712.

President Bush has called on Congress to act to prevent tax increases. If Congress does not act, failure to extend the President's tax relief permanently would raise taxes on American taxpayers in future years.

- In 2010, the small business expensing limit will shrink from \$112,000 (indexed) to just \$25,000, increasing the cost of capital investments for America's small businesses;
- In 2011, the top tax rate on dividends will increase from 15 to 35 percent, while the top tax rate on capital gains will climb from 15 to 20 percent, raising the tax burden on retirees and families investing for their future;
- In 2011, low-income families with one or two children will no longer be eligible for the refundable child tax credit; and
- In 2011, the tax rate relief, the new 10-percent tax bracket, estate tax repeal, marriage penalty relief, and all the remaining tax relief enacted over the past few years will sunset, resulting in tax increases for every taxpayer who pays income taxes.

The economy is stronger today because of the tax relief measures enacted during President Bush's administration. The success of the President's economic program, including tax relief, can be seen throughout the economy.

- Economic growth has averaged more than 3.3 percent since the beginning of 2003.
- The economy has generated 2.1 million net new jobs in the year ending December 2006, and almost 7.5 million since August 2003.
- At 4.6 percent, the unemployment rate remains below its average of the 1970s, 1980s, and 1990s.
- Real, after-tax incomes are over 10 percent higher since December 2000.

"Conrad's Budget"**Editorial****March 20, 2007**

Amid the hubbub about U.S. attorneys last week, few people noticed the big Beltway economic news: Senator Kent Conrad and his fellow Democrats proposed their five-year budget outline, or at least that part of it they're willing to discuss in public.

Mr. Conrad, the Senate Budget Chairman, pulled off the neat magic trick of claiming his budget includes "no tax increase," even as it anticipates repeal of the Bush tax cuts after 2010. How does he pull that rabbit out of his hat? By positing what amounts to a giant asterisk where the tax increase is supposed to go and hoping no one will notice.

Mr. Conrad has no intention of extending the Bush tax cuts, which he voted against and whose repeal would slap the economy in 2011 with the largest tax increase in U.S. history. But Senate Democrats don't want anyone to know this, at least not before the 2008 election. So Mr. Conrad says his budget revenue estimates "assume that Congress will take steps to counter the effects of the expiration of tax cuts in 2010 in a manner that does not add to the nation's debt burden." How so? Well, "this additional revenue can be achieved without raising taxes by closing the tax gap, shutting down illegal tax shelters, addressing tax havens, and simplifying the tax code," he avers.

What the Senator should have said is "Abracadabra." The 10-year revenue increase from repealing the Bush tax cuts is something like \$2 trillion, according to Congress's static-revenue models. Mr. Conrad is claiming that Congress will make up for all of that lost revenue by chasing down such illusions as the "tax gap," which the IRS claims is the difference between the taxes people owe and what they pay.

But if this magical \$345 billion a year (as of 2001) were easily found, don't you think the army of IRS auditors and tax collectors would have found it by now? The only way to close this "tax gap" is by harassing taxpayers or closing loopholes in ways that are sure to meet political resistance and perhaps result in a backlash. Congress will never do it.

All of this is really sleight-of-hand to disguise that Democrats are intent on repealing the Bush tax cuts. This would raise the tax on capital gains to 20% from 15%, more than double the tax rate on dividends to 39.6% from 15%, and sharply increase marginal tax rates at all levels of income. And all of this saber-rattling about a future tax increase is coming just when the current expansion may need another tax cut to keep growth going. Investors are worried about subprime credit problems and the Federal Reserve, but this looming tax increase on capital isn't helping confidence. The market fell 200 points on the day Mr. Conrad unveiled his magic act last week.

As Mr. Conrad knows but also won't admit, federal revenues have returned to their historic norm as a share of the economy despite the 2001 and 2003 tax cuts. Or perhaps we should

say because of them. Tax revenues have climbed by some \$608 billion since the start of fiscal 2005 alone. They are now about 18.5% of GDP.

Last week the IRS released new data showing that capital gains realizations surged by 153.5% from 2003 to 2005, even with the lower capital gains tax rate. Meanwhile, dividend income rose by a little under 50% from 2002-2005.

Some of this is due to the stock market gains in the wake of the 2003 tax cuts, but incentive effects also seem to have played a role. Washington tax analyst Dan Clifton has crunched the numbers and found that from 1997 to 1999 dividend income rose only 27%, even though the stock market climbed faster than it did from 2003-2005. Several economic studies have shown that the lower 15% dividend rate inspired companies to pay more dividends; the feds get 15% of those increased dividend payouts, instead of 39.6% of nothing.

Meanwhile, the budget deficit has steadily been falling. In the first five months of fiscal 2007, federal spending has slowed to a 2% growth rate, while revenues have climbed by 9.3% and individual tax receipts have jumped by nearly 13%. On this trend, the Congressional Budget Office says the budget deficit will decline to 1.6% of GDP this year, and will keep falling if economic growth continues.

By the way, the latest IRS data also show that the wealthiest Americans continue to carry a record share of the income tax load. As the nearby chart shows, the richest 1% paid 35.6% of all income taxes in 2004, the most recent year in which data are available. The top 10% pay a remarkable two-thirds of all income taxes. The irony is that the Bush tax cuts have made the U.S. income tax code more progressive. But according to John Edwards and other class warriors, that's not enough.

If there is a virtue in Senator Conrad's magic budget act, it is that it begins to reveal where Democrats would take fiscal policy after 2008 if they run the entire government. Voters may want to look behind the Conrad curtain before their lower tax rates and higher stock-market returns go "poof."

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**NO SPENDING
DISCIPLINE**

The Budget and the Security Supplemental: Classic Democrat Tax and Spend Trend

The Democrats' budget and emergency war supplemental reveal a tax and spend trend. In just two weeks, Democrats passed a budget containing the largest tax increase in history, dramatically increased discretionary spending, and proposed a wartime emergency supplemental funding bill that included nearly \$19 billion in extraneous spending.

BUDGET

- While Democrats yielded to Republican pressure and amended their budget to prevent some tax increases, their budget still called for the largest tax increase in history. The Democrats' budget will raise taxes by more than \$736 billion, including taxes on families, small businesses, and investors.
- The budget relies on smoke and mirrors to justify increased spending by claiming the government will be able to recover nearly \$300 billion in grossly overstated and impossible to collect "tax gap" revenues.
- The Democrats' budget spends nearly \$1 trillion in Social Security funds.
- The budget spends \$125 to \$150 billion more in non-defense discretionary funds than the President requested.
- Democrats refused to reform any mandatory entitlement spending – Social Security, Medicare, and Medicaid – despite projected insolvency.

SUPPLEMENTAL

- Senate Democrats loaded up the war supplemental with pork, including almost \$19 billion the White House did not request.
- The Democrats attached legislation to the supplemental micromanaging General Petraeus and our troops even though the same timeline for withdrawal failed to get 50 votes in the Senate only a few weeks ago.
- Defense Secretary Robert Gates warned that if the emergency spending is not approved, training and equipment will be affected, troops won't be able to return home as planned, and tours of duty will be extended.

Extraneous Spending in the Senate's Security Supplemental to Fund the War in Iraq and Afghanistan

The supplemental contains approximately \$19 billion more than the president's request. Below are just a few of the spending provisions unrelated to the war that Democrats added to this bill:

- \$4.2 billion in agriculture assistance.
- \$100 million for 2008 Presidential nominating conventions security.
- \$3.5 million related to guided tours of the U.S. Capitol.
- \$3 million for funding for sugar cane (for one Hawaiian co-op).
- \$24 million for funding for sugar beets.
- \$2 million to the University of Vermont Education Excellence Program.
- \$25 million for the Safe and Drug Free Schools program.
- \$48 million for disaster reconstruction for NASA.
- \$13 million for mine safety research.
- \$25 million for asbestos abatement and tunnel repair at the Capitol Power Plant.
- \$640 million for LIHEAP.
- \$500 million for wildfire suppression.
- \$13.2 million for avian flu research and monitoring.
- \$12 million for forest service money (requested by the president in the non-emergency FY2008 budget).
- \$22.8 million for geothermal research and development.

Editorial Boards Speak Out Against Pork-Barrel Tactics on Troop Funding Legislation

THE WASHINGTON POST:

“The Democrats claim to have a mandate from voters to reverse the Bush administration's policy in Iraq. Yet the leadership is ready to piece together the votes necessary to force a fateful turn in the war by using tactics usually dedicated to highway bills or the Army Corps of Engineers budget. **The legislation pays more heed to a handful of peanut farmers than to the 24 million Iraqis who are living through a maelstrom initiated by the United States, the outcome of which could shape the future of the Middle East for decades.** ... As it is, House Democrats are pressing a bill that has the endorsement of MoveOn.org but excludes the judgment of the U.S. commanders who would have to execute the retreat the bill mandates. **It would heap money on unneeded dairy farmers while provoking a constitutional fight with the White House that could block the funding to equip troops in the field.** Democrats who want to force a withdrawal should vote against war appropriations. **They should not seek to use pork to buy a majority for an unconditional retreat that the majority does not support.**” [*Washington Post*, “Retreat and Butter,” March 23, 2007]

USA TODAY:

“These provisions demean a bill that, if enacted, would affect the lives of troops in Iraq and Afghanistan, the balance of power in the Middle East and America's long-term security. ... **[A]n emergency war funding bill — especially one that would set a hard exit date of Aug. 31, 2008, for U.S. troops in Iraq and impose strict readiness standards for deploying combat forces — is no place for extraneous issues. And certainly no place for bribes.**” [*USA Today*, Editorial, “Our view on Congress and Iraq: Pork has no place in 'emergency' war bill,” March 22, 2007]

NEW HAMPSHIRE UNION LEADER:

“The U.S. House votes today on **an emergency Iraq war spending bill that House Democrats have managed to turn into a shameful, pork-laden, defeatist mess.** ... Meanwhile, our fighting men and women are making remarkable progress by implementing Gen. David Petraus' surge plan. Yet the radical anti-war types have ignored this news. They want out now no matter the consequences.” [*New Hampshire Union Leader*, “Pelosi's Friendly Fire,” March 22, 2007]

WASHINGTON TIMES:

“The vast majority of the additions comprised pork projects or spending utterly unrelated to the wars. The extra spending was designed for a single purpose: to purchase support from Democrats who otherwise would have voted against the bill. . . . **We heard a lot of talk [during the 2006 election campaign] about pursuing responsible budget policies. We heard nothing about turning the first wartime emergency-spending bill into a porker.**” [*Washington Times*, “Hogs on the Hill,” March 22, 2007]

THE SAN FRANCISCO EXAMINER:

“[S]trip out the \$24 billion in pork barrel spending Democratic leaders are using to buy votes of wavering members and help special interests. Democrats regained the majority in Congress in November in great part because Republicans couldn’t control their appetite for earmarks and other pork-barrel spending. **So why are Democrats now putting billions in the Iraq supplemental to help shrimp growers, peanut storage facility owners, commercial livestock operations and legions of other special interests with no connection to the war effort?** If Democrats won’t cut the pork, who could blame voters for concluding there’s not a dime’s worth of difference between the two parties?” [*San Francisco Examiner*, Editorial, “How to Fix the Iraq Funding Bill,” March 22, 2007]

THE DALLAS MORNING NEWS:

“Where we part ways with Congress is in turning the president’s \$100 billion supplemental war spending request into a **\$124.6 billion, pork-laden mess** – exactly what Democrats pledged to end when voters gave them a majority in Congress. . . . Initially lacking the votes to pass a bill that includes a hard timetable for withdrawal, Speaker Nancy Pelosi and her top lieutenants turned pay-as-you-go into bribe-as-you-go, hoping to round up more members of their own party. . . . **If these and other line items have merit, the Democrats should propose and debate them in the open, instead of using them as bait.**” [*Dallas Morning News*, Editorial, “No Way to Show Support,” March 22, 2007]

THE COLORADO SPRINGS GAZETTE:

“**Loading a bill that’s supposed to keep our soldier in bullets, boots and beans with pork-barrel bribes for congressional colleagues must be a low point in the history of the U.S. Congress.** This destroys any pretense Democrats have to being a party of fiscal responsibility and good government; that didn’t last long.” [*The Gazette*, “Our View – Buying Votes: Military Funding Bill a Stain on Congress,” March 27, 2007]

THE FORT WAYNE [IN] JOURNAL-GAZETTE:

“Democrats do no favor to their country or themselves with an ill-considered move to curry anti-war votes with **blatant pork-barrel spending.**” [*The Fort Wayne Journal-Gazette*, Editorial, “Democratic Gamesmanship,” March 21, 2007]

Spending Discipline Means Addressing Entitlements, but Democrats' Budget Was Silent

“Democrats opted to put off politically painful decisions on shoring up the finances of Medicare and Social Security.” *[Associated Press, “Senate Panel OKs 2008 Budget,” March 19, 2007]*

Real spending discipline requires entitlement reform, but the Democrats' budget failed to address long term spending, and Democrats rejected serious proposals put forward by Senate Republicans and the President to make responsible changes that would control the growth of these programs.

The three major federal entitlement programs — Medicare, Medicaid, and Social Security — will account for about **45 percent of the \$2.7 trillion spent by the federal government in 2007**, and their share of the budget will expand rapidly without reform.¹

Experts have warned of serious consequences in putting off entitlement reforms:

- The General Accounting Office warned that “in just a few decades, **the government will face a serious fiscal imbalance driven by known demographic trends and escalating health care cost growth.**”²
- Federal Reserve Chairman Ben Bernanke recently testified that “long-term fiscal imbalances” due to rising spending on entitlement programs such as Medicare and Social Security imperil the economy. “**If early and meaningful action is not taken,**” he warned Congress, “**the U.S. economy could be seriously weakened, with future generations bearing much of the cost.**” When Senate Budget Committee Chairman Kent Conrad (D-N.D.) asked, “How urgent is it that we address these long term imbalances?” Bernanke replied: “**The right time to start is about 10 years ago.**”³

Democrats have acknowledged the problem presented by entitlements, but had no solutions:

- “While Democrats criticized Mr. Bush for what Speaker Nancy Pelosi called ‘wrong priorities,’ **they conceded privately that Mr. Bush was correct in warning that the unchecked growth of entitlement programs would eventually break the federal bank.**”⁴
- The Associated Press wrote that “**Democrats opted to put off politically painful decisions on shoring up the finances of Medicare and Social Security.**”⁵

Democrats Had Even *Promised* Entitlement Reform:

- Sen. Baucus: “No one should over-promise. No one should overstate. **It is going to take serious, consistent discipline on spending, on revenue and on entitlement reform for us to truly make progress.**”⁶
- Sen. Baucus: “I want to make very clear my strong personal belief is **we are going to have to find savings in Medicaid, we are going to have to find savings in Medicare,** and we are going to have to find savings across the board because we are in deep deficit and growing debt.”⁷

But the President Proposed Responsible Reforms Which the Democrats Have Ignored:

- The CBO has identified the projected increase in health care costs as the primary factor affecting growth of entitlement programs.⁸ But the Democrats do nothing to address these looming costs.
- In contrast, the president’s budget puts a down payment on reform with savings of \$96 billion over the next five years that will help preserve these programs for the future. The budget saves nearly \$8 trillion, or 25 percent of Medicare’s unfunded obligation over 75 years.⁹
- The cost-sharing in the president’s budget falls only on the top 5 percent of Medicare beneficiaries, leaving 95 percent of seniors unaffected.¹⁰

Budget Watchdog Groups Like the Concord Coalition Have Called for Adoption of the President’s Entitlement Reforms:

- “The president proposed some reforms in his budget, particularly with regard to Medicare, that merit inclusion in the congressional budget resolution. A more comprehensive approach to long-term fiscal policy may have to await the kind of bipartisan process supported by Senators Conrad and Gregg. **That is no reason, however, to avoid incremental steps that make sense on their own and that can achieve substantial savings.**”¹¹

¹ Congressional Budget Office, letter to Congressman Jeb Hensarling from Peter Orszag, March 8, 2007.

² Testimony of A. Bruce Steinwald, General Accounting Office Director of Health Care, before the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, Committee on Appropriations, House of Representatives, Feb. 15, 2007.

³ *Wall Street Journal*, Washington Wire, “Bernanke to Congress: Time for Action,” Jan. 18, 2007.

⁴ *New York Times*, “Bush Releases Budget Aimed to Erase Deficit,” Feb. 6, 2007.

⁵ *Associated Press*, “Senate Panel OKs 2008 Budget,” March 19, 2007.

⁶ Senator Conrad, Senate floor, Jan. 4, 2007.

⁷ Senator Conrad, FY06 Budget Resolution Mark-up, March, 10, 2005.

⁸ Congressional Budget Office, letter to Congressman Jeb Hensarling from Peter Orszag, March 8, 2007.

⁹ Senate Budget Committee Republican Staff.

¹⁰ Senate Budget Committee Republican Staff.

¹¹ Concord Coalition, Budget Update, March 20, 2007, available at:
<http://www.concordcoalition.org/issues/fedbudget/doc/070320-budget-update.pdf>.